

Message Text

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53

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-07 COME-00 AID-05 AGR-05 /072 W

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O R 291612Z APR 75

FM AMEMBASSY PANAMA

TO AMEMBASSY SAN JOSE IMMEDIATE

SECSTATE WASHDC PRIORITY 3731

INFO AMEMBASSY TEGUCIGALPA

AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY QUITO

AMCONSUL GUAYAQUIL

PAN CANAL

USCINCSO

LIMITED OFFICIAL USE PANAMA 2487

E.O. 11652: N/A

TAGS: ETRD, PN, HO, CS

SUBJECT: BANANAS: CHARGE AGAINST CASTILLO

REF: (A) SAN JOSE 692 (B) STATE 98354

1. GOVERNMENT-CONTROLLED "MATUTINO" OVER WEEKEND PUBLISHED
CRITICISM MENTIONED REF A BY COSTA RICAN FOREIGN MINISTER
FACIO OF REFERENCE TO COSTA RICAN VICE PRESIDENT CASTILLO
IN STORY ON NEW HONDURAN GOVERNMENT IN AFFILIATED AFTERNOON
PAPER "PANAMA AMERICA." LATTER STORY, DATELINED TEGUCIGALPA
AND BY EDITOR OF THIRD AFFILIATED DAILY (CRITICA), RUBEN DARIO
MURGAS, INCLUDED STATEMENT THAT THE
BANANA BRIBE "HAD IMMERSSED IN THE WHIRLPOOL OF
COMMENTARIES" FORMER MINISTER OF ECONOMICS BENNATON,
CASTILLO, AND FORMER FOREIGN MINISTER BATRES.

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BENNATON, ACCORDING TO STORY, HAD ACQUIRED GREAT

AMOUNT OF STOCK IN CEMENT AND FLOUR MONOPOLIES AND, TOGETHER WITH CASTILLO, HAD INVESTED LARGE AMOUNTS OF MONEY IN THE MCDONALDS CHAIN. NO OTHER REFERENCE TO CASTILLO IN STORY.

2. "MATUTINO" STORY ATTRIBUTED TO LOCAL COSTA RICAN AMBASSADOR AND QUOTED FACIO AS POINTING OUT THAT NOTHING IN ARTICLE CONCERNING ACTUAL BRIBE HAD ANYTHING TO DO WITH CASTILLO. FACIO STATEMENT EXPLAINED THAT WHILE CASTILLO WAS PRIVATE CITIZEN, HE HAD IN FACT INVESTED \$10,000 MOST OF HIS PRIVATE SAVINGS, IN HONDURAN FIRM WHICH BROUGHT MCDONALDS TO THAT COUNTRY, ON ADVICE OF HIS FRIEND BENNATON. BUT THIS HONEST PRIVATE INVESTMENT HAD NOTHING TO DO WITH THE BANANA PROBLEM. FACIO WENT ON TO DENOUNCE WAY THIS INFORMATION BROUGHT TO LIGHT AND CHARACTERIZED IT AS DEMONSTRATION OF HOW BANANA COMPANIES DEVOTE PART OF EARNINGS TO DISCREDIT GOVERNMENTS WHICH FOR FIRST TIME IN HISTORY ARE CHALLENGING THEIR POLICY OF EXPLOITATION. FUNDS ARE USED TO DISCREDIT HONDURAN GOVERNMENT AND "DESTABILIZE" GOVERNMENTS OF OTHER CENTRAL AMERICAN UPEB MEMBERS, TO PROMOTE PROPAGANDA CONCERNING VESCO CASE, IN PANAMA TO PLAN THE ASSASSINATION OF GENERAL TORRIJOS, AND IN GUATEMALA TO IMPEDE PASSAGE OF BANANA EXPORT TAX LAW. FACIO STATEMENT ENDED WITH HIS GUARANTEE OF HONESTY OF CASTILLO.

3. COMMENT

ORIGINAL STORY DID NOT IN FACT ACCUSE CASTILLO OF ANYTHING EXCEPT A JOINT INVESTMENT WITH BENNATON, ALTHOUGH HEADLINE READ "BENNATON, CASTILLO, AND BATRES MIXED UP (COMPLICADOS) IN BRIBE." IT WAS NOT PICKED UP BY MURGAS OWN PAPER (NOR BY SEMI-INDEPENDENT "ESTRELLA") AND APPEARS TO BE CASE OF SENSATIONALISM ON PART OF "PANAMA AMERICA" RATHER THAN GOVERNMENT-INSPIRED CAMPAIGN, EVEN INDIRECTLY, AGAINST UB OR UB-FINANCED CAMPAIGN AGAINST CENTRAL AMERICAN GOVERNMENTS, AS FACIO IMPLIES. LOCAL PRESS INCLUDED A PRENSA LATINA STORY DATED SAN JOSE CONCERNING GENERAL TORRIJOS VISIT THERE LAST WEEK, INDICATING HE HAD DISCUSSED WITH LIMITED OFFICIAL USE

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PRESIDENT ODUBER THE STRENGTHENING OF UPEB, BUT WE DOUBT VISIT HAD ANY CONNECTION WITH CASTILLO STORY.
JORDEN

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Margaret P. Grafeld
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